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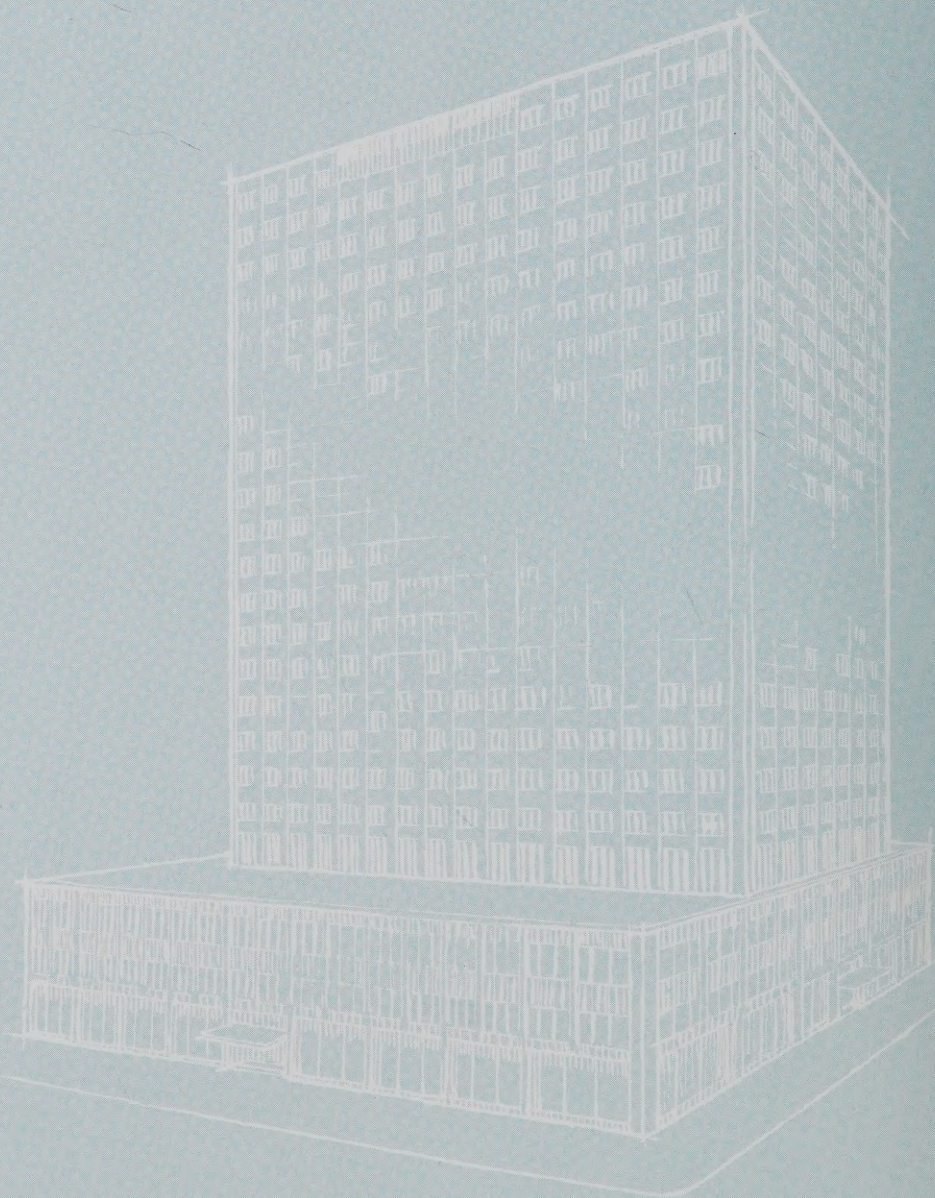
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1965 ANNUAL REPORT / 68TH YEAR

CONTENTS

To the Shareholders	1
Board of Directors	2
Summary of 1965 Results	3
Executive Officers	4
1965 Results in Detail	5
Six Advisory Boards	6
Offices and Managers	8
Balance Sheet	10
Profits & Reserve Fund	12
Growth in Profits Chart	13
Comparative Summary: Last Ten Years	14
Growth in Assets Chart	16
Company Services	Facing 16



Departments and Officers of Toronto Main Office

21 KING STREET EAST—WINSLOW BENSON—VICE-PRESIDENT AND MANAGER

Personal Trust Department

J. M. ROBINSON—VICE-PRESIDENT,
PERSONAL TRUST

P. C. COSGRAVE—MANAGER
PENSION TRUST DEPARTMENT

W. H. BROUGHALL—SENIOR TRUST OFFICER

J. A. BRULÉ—MANAGER,
TRUST SERVICES DEPARTMENT

R. W. CROSS—INCOME TAX OFFICER

MISS K. M. FITZPATRICK—TRUST OFFICER

A. E. GARDINER—TRUST OFFICER

F. I. HAYES—TRUST OFFICER

W. G. HENDERSON—SENIOR TRUST OFFICER

R. A. HOPKINSON—TRUST OFFICER

E. H. HILL—TRUST OFFICER

H. W. KELLEY—SENIOR TRUST OFFICER

A. W. KENNEDY—ESTATES TAXES OFFICER

H. L. LUGSDIN—TRUST OFFICER

R. C. OLLEY—TRUST OFFICER

J. B. POGUE—TRUST OFFICER

T. W. ROBINETTE—TRUST OFFICER

J. E. RUTHERFORD—TRUST OFFICER

A. L. SHERRING—TRUST OFFICER

C. E. ALAN SMITH—TRUST OFFICER

G. G. SMITH—TRUST OFFICER

W. R. TAUBMAN—TRUST OFFICER

Corporate Trust Department

J. L. A. COLHOUN—ASSISTANT VICE-PRESIDENT
AND MANAGER

Bond Trusteeship Division

W. W. TARVER—SUPERVISOR
E. K. EGGERTSON—TRUST OFFICER
J. L. LYNDON—TRUST OFFICER
D. C. MURRAY—TRUST OFFICER

Stock Transfer Division

M. S. RUDKIN—SUPERVISOR
A. K. BELSHAW—ACCOUNTS OFFICER
W. G. KIDD—ACCOUNTS OFFICER
MISS H. E. SIMMONS—PLANNING OFFICER
E. M. SABIN—ASSISTANT PLANNING OFFICER

Investment Department

E. H. AINLAY—VICE-PRESIDENT, FINANCE
G. D. FORSYTH—ASSISTANT VICE-PRESIDENT,
FINANCE
A. S. THOMPSON—ASSISTANT VICE-PRESIDENT,
FINANCE—TRUST AND INVESTMENT
AGENCY PORTFOLIOS
T. KNOTTENBELT—ASSISTANT VICE-PRESIDENT,
FINANCE—RESEARCH DIVISION
F. T. SMITH—ASSISTANT VICE-PRESIDENT,
FINANCE—MORTGAGE INVESTMENTS
AGENCY PORTFOLIOS

Investment Officers

F. W. ARMSTRONG
D. O. ATKINSON
A. A. FRANCIS
L. KADAK
J. MILLS
S. S. SYRETT
D. McNAB
H. P. SMITS

Development Department

W. G. THOM—ASSISTANT VICE-PRESIDENT
AND TREASURER
F. J. STRUTHERS—SUPERVISOR,
TORONTO BRANCH OFFICES

Savings Department

R. H. C. LEA—MANAGER

G. A. STEPHENSON—ACCOUNTANT

Insurance Department

F. A. CAIE—INSURANCE OFFICER

Safety Deposit Vaults Department

G. A. ACHESON—VAULT CUSTODIAN

Securities Department

F. B. J. PIKE—MANAGER

W. V. R. McFADZEAN—SECURITIES OFFICER

R. E. TURNER—SECURITIES OFFICER

Real Estate and Mortgage Department

H. R. DILLON—MANAGER

V. F. GIANELLI—CONSULTANT

G. W. SWAYZE—REAL ESTATE OFFICER

F. G. CLARE—MORTGAGE OFFICER

Comptroller's Department

D. M. McCLELLAND, C.A.—COMPTROLLER

C. H. KNIGHTS—ASSISTANT COMPTROLLER

B. R. MATTHEWS—MANAGER,
OPERATIONS DEPARTMENT

W. H. BARRON—INTERNAL AUDITOR

R. A. CLANCY—DATA PROCESSING OFFICER

R. D. DEXTER—OPERATIONS ACCOUNTING OFFICER

W. L. HODGSON—ACCOUNTING OFFICER


J. A. WATSON—METHODS OFFICER

Personnel Department

B. E. HARRISON—PERSONNEL DIRECTOR

J. F. FOLLETT—PERSONNEL OFFICER, TORONTO

MRS. D. P. McKECHAN—PERSONNEL ASSISTANT



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NATIONAL TRUST COMPANY, LIMITED

1965 Annual Report from the Directors

To the Shareholders

In 1965 your Company again achieved record earnings, profits, assets and deposits, accompanied by continued expansion.

Net profits reached a new high of \$1,682,483. Earnings per share amounted to 90¢, an increase of 13¢ a share over 1964. Each year for 12 years the Company has increased its dividend rate—from 24¢ per annum in 1950 to 58¢ per annum in 1965.

Our programme of expansion continued with the opening of 6 new branch offices—two in Toronto, two in Vancouver and one each in Hamilton and Oshawa. Since our year end, we have opened a second office in Victoria in the Oak Bay district, and a new office will open in St. Catharines in June of 1966.

All departments of the Company enjoyed a most satisfactory record of growth.

Assets administered in estates, trusts and agencies show a net increase of \$96,981,162 after payments and distributions totalling over \$79,000,000. Reflected in this increase was the continued growth of our pension and employee benefit trust business. Total assets now being administered exceed one billion, four hundred million dollars.

Both the Transfer and Bond Trusteeship divisions experienced substantial growth in their volumes of

business, as well as providing an important contribution to earnings.

Savings Deposits increased \$25,800,000; Term Deposits, \$12,600,000 and Guaranteed Investment Certificates \$12,700,000—a total increase in Guaranteed Account of \$51,100,000. We now have in excess of 155,000 savings depositors—a valuable market for the many other services offered by the Company.

The quality of the professional services we offer in the analysis, selection and supervision of investments, is becoming better known and recognized. Natrusco Common Share Fund, now in its second year of operation, has an enviable record of investment performance, and the number of new investment management accounts has increased substantially.

Reserve funds increased this year to \$15,500,000, providing a secure base to meet contingencies.

This report of Company growth and stability could only have been achieved through the dedicated efforts of our highly qualified staff. We are proud of the men and women in our organization and recognize the significant part they play in the continued progress of the Company.

Yours sincerely, J. G. HUNGERFORD, *Chairman*

HARRY H. WILSON, *President*

BOARD OF DIRECTORS OF THE COMPANY

J. D. BARRINGTON

President and Managing Director, McIntyre Porcupine Mines, Limited

FRED B. BROWN

Director, The Bank of Nova Scotia

C. F. CARSLEY, M.B.E.

President and Director, Canada Vinegars Limited

THOMAS S. DUNCANSON

Chairman of the Board, Moore Corporation, Limited

JOHN F. FAIRLIE

Executive Vice-President, Interprovincial Pipe Line Company

E. C. FOX

Vice-President

H. P. FRID

Chairman of the Board, The Frid Construction Company Limited

E. C. GILL, LL.D., F.S.A.

Vice-Chairman of the Board, The Canada Life Assurance Company

J. GRANT GLASSCO, O.B.E., F.C.A.

President, Brazilian Traction, Light and Power Company, Limited

C. BRUCE HILL, M.C.

Chairman of the Board, E T F Tools Limited

GRANT HORSEY

Chairman, Salada Foods Ltd

THE HONOURABLE F. J. HUGHES, Q.C., LL.D.

J. G. HUNGERFORD, Q.C.

Chairman

W. F. JAMES

W. F. James, B. S. W. Buffam and M. A. Cooper, Consulting Geologists

R. A. LAIDLAW

Honorary Chairman

WILLIAM LEGGAT, O.B.E., M.C.

Chairman, Leggat, Bell, Gouinlock Limited

A. HAZLETT LEMMON

President, The Canada Life Assurance Company

ARGUE MARTIN, Q.C.

Martin & Martin, Barristers

THE RIGHT HON. VINCENT MASSEY, P.C., C.H., D.C.L., LL.D.

JOHN L. MCCARTHY

Vice-President and Director, The Canada Life Assurance Company

ANSON C. MCKIM, O.B.E.

Chairman of the Board, Courtaulds (Canada) Limited

NEIL J. MCKINNON

Chairman, Canadian Imperial Bank of Commerce

P. T. MOLSON

Vice-President and General Manager, Molson's Brewery (Ontario) Limited

GRAHAM MORROW, O.B.E.

Director, The Imperial Life Assurance Company

F. WILLIAM NICKS

Chairman of the Board and President, The Bank of Nova Scotia

W. M. O'CONNOR

COLIN OSBORNE

JAMES C. PARLEE

Executive Vice-President and Director, The International Nickel Company of Canada, Limited

H. E. PEARSON, M.C.

Chairman of the Board, Taylor, Pearson & Carson (Canada) Ltd.

RONALD W. PEARSON, D.S.O., M.C.

J. ALEX. PRUD'HOMME, Q.C.

Director and Vice-President, Aluminum Company of Canada, Limited

RENAULT ST-LAURENT, Q.C.

St-Laurent, Monast, Desmeules & Walters, Barristers

FRANK A. SHERMAN

Chairman of the Board, Dominion Foundries and Steel, Limited

FRANK H. SHERMAN

President, Dominion Foundries and Steel, Limited

JOHN H. TAYLOR

President, Liquifuels Limited

EDGAR F. TOLHURST

Chairman, Tolhurst Oil Limited

STANLEY M. WEDD

Director, International Business Machines Company Limited

HARRY H. WILSON

President

J. ELMER WOODS

President, The Monarch Life Assurance Company

Summary of Results

	1965	1964	INCREASE
END OF YEAR			
Savings Deposits - - - - -	\$196,843,317	\$171,078,537	\$25,764,780
Guaranteed Investment Certificates - - - - -	42,416,939	29,710,525	12,706,414
Capital Funds - - - - -	20,049,166	16,947,079	3,102,087
Estates, Trusts and Agencies - - - - -	1,113,917,016	1,016,935,854	96,981,162
TOTAL FOR YEAR			
Profits before taxes - - - - -	\$3,250,155	\$3,013,932	\$236,223
Taxes - - - - -	1,567,672	1,577,751	[10,079]
Net profits - - - - -	1,682,483	1,436,181	246,302
Dividends paid - - - - -	1,080,396	959,914	120,482
PER SHARE			
Profits before taxes - - - - -	\$1.74	\$1.62	\$.12
Taxes - - - - -	.84	.85	[.01]
Net profits - - - - -	.90	.77	.13
Dividends paid - - - - -	.58	.54	.04

EXECUTIVE OFFICERS OF THE COMPANY

R. A. LAIDLAW, *Honorary Chairman*

J. G. HUNGERFORD, Q.C., *Chairman*

HARRY H. WILSON, *President*

E. H. HEENEY, *Executive Vice-President*

Vice-Presidents

E. H. AINLAY, *Finance*

WINSLOW BENSON, *Toronto Office*

H. M. GALE, *Western Offices*

B. O. PARTRIDGE, *Secretary*

J. M. ROBINSON, *Personal Trust*

R. M. YOUNG, *Hamilton Office*

Assistant Vice-Presidents

J. L. A. COLHOUN, *Corporate Trust*

G. D. FORSYTH, *Finance*

T. KNOTTENBELT, *Finance*

F. T. SMITH, *Finance*

W. G. THOM, *Treasurer*

A. S. THOMPSON, *Finance*

D. M. MCCLELLAND, C.A., *Comptroller*

B. E. HARRISON, *Personnel Director*

SINCE 1898

In August, 1898, your Company opened its doors for business on the corner of King and Victoria Streets. It had a Capital of \$1,000,000 and a reserve of \$250,000, all paid in in actual cash by its shareholders. These two items constituted the whole of the assets under its administration. It had no trusteeships, in fact no other business than to invest the sums above mentioned. It had one office and a staff of five.

Twenty-five years later the General Manager, the late W. E. Rundle, reported to the shareholders that assets under administration had reached \$126,000,000. This hundred-fold increase from the original figure was one that, he said, "far surpasses even the greatest expectations and hopes of the founders of the Company".

In 1898 Canada was just emerging from one of the greatest depressions she had experienced. It must have taken a great deal of confidence to launch a new Trust Company at that time, and a great deal of imagination, drive and ability on the part of the Directors, the Management and the Staff to achieve such a success.

That there has been no slackening of the momentum gained in the early years of operations is demonstrated by the figures now published in this report for the sixty-eighth year of the Company. Assets under administration now stand at \$1,429,900,000—a more than thousand-fold increase over our starting figure. We now have 36 offices from which to offer our services to the public and a staff of more than a thousand to perform them. At the same time we have maintained the high standards of trusteeship that were inherited from our founding fathers.

PAST PRESIDENTS

1898-1931 SIR JOSEPH FLAVELLE, BART.

1931-1939 W. E. RUNDLE

1939-1944 J. M. MACDONNELL

1944-1946 HON. LEIGHTON MCCARTHY, K.C.

1946-1950 W. M. O'CONNOR

1950-1954 R. A. LAIDLAW

1954-1964 J. G. HUNGERFORD

PAST CHAIRMEN OF THE BOARD

1931-1939 SIR JOSEPH FLAVELLE, BART.

1940-1950 HON. LEIGHTON MCCARTHY, K.C.

1950-1951 W. M. O'CONNOR

1951-1964 R. A. LAIDLAW

HIGHLIGHTS

from the Chairman's and President's address at the Annual Meeting

J. G. Hungerford, Chairman

The statement shows the Company's strong financial position. It is only through strength that we can expect to achieve solid and continuing growth both in assets and in profits. This is Company policy today and has been throughout our 68-year history.

Your Company's earnings are derived from three sources: its capital, its profit on savings and guaranteed funds after the payment of interest, and fees and commissions. Fees and commissions are earned not only on the very substantial volume of assets referred to as "estates, trusts and agencies": they are earned as well for services with respect to assets which do not appear in the balance sheet in any way. I refer to our services as trustee of bond issues, as stock transfer agent and registrar, as real estate agent—and to much of the work performed in the management of investment portfolios where we do not have the physical custody of the assets. In each case we are able to report record earnings for the past year. In the year ahead, however, we may see some slackening in the volume of bond trusteeships if the present high rates of interest persist.

NEW OFFICE IN MONTREAL

Our business in the Province of Quebec has again shown a gratifying increase. We now have four offices in the Greater Montreal area.

We have been an integral part of the Montreal financial community since 1899 and our main office in that city has been in St. James Street for more than 65 years. It has been apparent to us for some time, however, that a relocation of the financial centre of Montreal was taking place and that it would be to our advantage to move from our present site.

Accordingly, your Directors approved last July the commencement of negotiations for a long term lease of a substantial portion of a building to be known as the National Trust Building which is now being erected on Sherbrooke Street West at the corner of Crescent. These negotiations have been satisfactorily completed and we expect to move our main office in Montreal to this new location on April 1st, 1966. Following the move from St. James Street West, our present building will be sold.

We believe that our move to these new modern premises in this attractive and accessible location will contribute substantially to the further growth of our business in the Province of Quebec.

THE CANADA PENSION PLAN

The Canada Pension Plan has now become a reality. Private plans are either being integrated with the government plan or the government plan is being "stacked" on top of the private plan. The decision as to whether there should be integration or "stacking" in individual cases must surely be based on a common-sense appraisal of the ultimate benefit and its cost.

In a few instances private plans are being wound up or amended so that employees are able to obtain a refund of their contributions for prior years. This winding-up is, I think, regrettable and over the long term will be costly to the employee.

REGULATION OF TRUST COMPANIES

Last summer, in the wake of the Atlantic Finance Company disaster, an Ontario trust company was found to be in financial difficulty. This evoked public discussion regarding the regulation of trust companies and the safety of their depositors. We have been deeply concerned over this development.

It was an interesting fact that no public alarm was created by the events of the summer over the safety of deposits with trust companies. Our own deposits continued to grow and our depositors to increase in number at a normal steady rate. This reflects the reputation of the Company and public confidence in the soundness of its operations. Indeed it would be unfair to the trust industry itself if it were to be judged by what happened last summer. Over its entire history only one other such instance has ever occurred—a small British Columbia company early in the century.

The Ontario and the federal trust company Acts are in many respects model legislation. Some other provinces have also enacted sound protective laws but we have been concerned for some time—and quite independently of the British Mortgage affair—at the lack of adequate measures for depositor protection throughout Canada. This lack coincides

SIX ADVISORY BOARDS OF THE COMPANY

MONTREAL

- C. F. CARSLY, M.B.E.
President and Director, Canada Vinegars Limited
- WILLIAM LEGGAT, O.B.E., M.C.
Chairman, Leggat, Bell, Gouinlock Limited
- ANSON C. MCKIM, O.B.E.
Chairman of the Board, Courtaulds (Canada) Limited
- J. ALEX. PRUD'HOMME, Q.C.
Director and Vice-President, Aluminum Company of Canada, Limited
- RENAULT ST-LAURENT, Q.C.
St-Laurent, Monast, Desmeules & Walters, Barristers
- EDGAR F. TOLHURST
Chairman, Tolhurst Oil Limited

WINNIPEG

- WILLIAM A. JOHNSTON, Q.C.
Johnston, Garson, Forrester, Davison & Taylor, Barristers
- KENNETH A. POWELL
President, K. A. Powell (Canada) Limited
- GEORGE T. RICHARDSON
Vice-President, James Richardson & Sons Limited
- C. GORDON SMITH
Vice-President and Director, The Monarch Life Assurance Company
- J. ELMER WOODS
President, The Monarch Life Assurance Company

EDMONTON

- C. W. CLEMENT, Q.C.
Clement, Parlee, Irving, Mustard & Rodney, Barristers
- F. W. FORSTER, SR.
President, Bennett and White Alberta (1963) Ltd.
- P. L. P. MACDONNELL, Q.C.
Milner, Steer, Dyde, Massie, Layton, Cregan & Macdonnell, Barristers
- HUGH MCCOLL
President, South Park Motors Ltd.
- A. HOADLEY MITCHELL
Mitchell & Associates Ltd., Consulting Petroleum Engineers & Geologists
- ALAN H. NASH, C.A.
Nash & Nash, Chartered Accountants
- H. E. PEARSON, M.C.
Chairman of the Board, Taylor, Pearson & Carson (Canada) Ltd.

CALGARY

- GEORGE L. MCMAHON
Vice-Chairman of the Board, Pacific Petroleum Limited
- SMILEY RABORN, JR.
*President, Canadian Delhi Oil Ltd.;
Director, Trans-Canada Pipe Lines Ltd.*

VANCOUVER

- FRANK H. BROWN, C.B.E.
President, The White Pass & Yukon Corporation Limited
- FRED B. BROWN
Director, The Bank of Nova Scotia
- R. B. BUCKERFIELD
Director, R. L. Crain Limited
- VICTOR F. MACLEAN
President, Kelly Douglas & Co. Ltd.
- C. H. MCLEAN
*Chairman of the Board, British Columbia Telephone Company;
Director, The Bank of Nova Scotia*
- JOHN A. MCMAHON
President, Inland Natural Gas Co. Ltd.
- RONALD W. PEARSON, D.S.O., M.C.
- FORREST ROGERS
President, The British Columbia Sugar Refining Company, Limited
- PETER PAUL SAUNDERS
President, Laurentide Financial Corporation Ltd.
- FRANK N. YOUNGMAN
Vice-Chairman of the Board, Crown Zellerbach Canada Limited

VICTORIA

- THOMAS G. DENNY
Partner, Standard Furniture Company
- G. FITZPATRICK DUNN, F.C.A.
*Ismay, Boiston, Dunn & Co.,
Helliwell, MacLachlan & Co., Chartered Accountants*
- J. HOWARD HARMAN
*Harman and Co., Barristers & Solicitors;
Director, Beaver Lumber Company Limited*
- ERNEST HEYBROEK
- MAJ.-GEN. THE HON. GEORGE R. PEARKES,
V.C., P.C. (Canada), C.B., D.S.O., M.C.
- W. ALLAN PENDRAY
President and General Manager, British America Paint Co. Ltd.

with a period of spectacular growth in the trust industry. New incorporations in Canada have reached twenty-seven in the last five years. These companies are of necessity handicapped by lack of experience and the competitive difficulties facing new enterprises.

To ensure the uniform protection of depositors, we need to have in every part of Canada regulation and legislation establishing an adequate standard of safety. This has been the aim of the Trust Companies Association. Now it appears to have public support and, of course, it was an essential purpose of the Porter Commission in its main recommendation.

We need to resolve this problem now. It cannot await independent solution in ten provinces. The Porter Commission proposal is ruled out by practical difficulties, mainly the constitutional problem. We therefore urge that the provinces provide an immediate answer in co-operation with Ottawa. They should choose between two courses. They can turn over regulation of the savings operation of trust companies to the Superintendent of Insurance for Canada, who already regulates federally incorporated trust companies; without giving up their jurisdiction over companies carrying on business in the province, they would require that, in order to accept deposits, a company must hold a federal licence. Ottawa should agree to undertake this regulation for any province which requests it.

If, on the other hand, a province desires to regulate these operations itself, it would have the option of bringing the essential protective provisions of its own legislation into line with a strengthened federal Act. Thus we would have either uniform regulation or uniform legislation for depositor protection. There should be little difficulty in thus providing a solution to a problem with which all our governments are equally concerned.

While regulation and legislation are of the utmost importance, it is my belief that really effective protection for the customers of any financial institution can only be present where there is strict observance of sound business principles by an alert and conscientious board of directors acting through a management which is thoroughly competent in the performance of its duties.

THE ECONOMY

The level of economic activity which has been rising fairly steadily for the past five years was again sus-

tained in 1965. Consumer demand was very strong and rose by 7% over the previous year. The demand for capital goods was of such proportions that it created heavy pressures on our capital markets. New bond financing was far ahead of 1964. This, of course, is reflected in the record volume of business transacted by our Bond Trusteeship Division.

Despite a healthy growth of personal and business savings and a somewhat enlarged inflow of foreign capital, the heavy demands for credit increased to the point where interest rates rose dramatically to the highest point in seven years. Mortgage rates on conventional loans followed, as they always do, the upswing in bond interest rates.

A continuation of high interest rates could in itself have a restraining effect on the demand for capital funds and on consumer spending. While no one wishes to see our prosperous condition interrupted by credit difficulties, it would be wise if we did not try to go too far too fast: we can only have an overheated economy in the sure knowledge that inflation will follow, with all the dangers that this entails.

If we can avoid excesses—and, fortunately, there are some signs that pressures may be easing—I believe we can look forward to a setting for continued but more moderate growth in 1966.

Harry H. Wilson, President

Assets, earnings and volume of business were all at record levels in the year just ended. Savings Deposits increased by over \$25,000,000, Term Deposits by \$12,000,000 and Guaranteed Investment Certificates by almost \$13,000,000—a total increase of \$51,000,000. Guaranteed Account now stands at \$295,082,700 which is more than two and one-half times the figure of \$112,513,160 just five years ago.

Estates, Trusts and Agencies under administration increased during the year by \$176,000,000. After capital payments and distributions of \$79,000,000, the net increase was \$97,000,000.

The record of Natrusco Common Share Fund compared to that of similar Canadian Mutual Funds, and the rapid increase in Investment Management and Counselling Accounts for individuals,

COMPANY OFFICES AND MANAGERS

TORONTO

21 King Street East

WINSLOW BENSON—*Vice-President and Manager*

Branch Offices

Northtown Shopping Centre, 5385 Yonge St., Willowdale

L. G. FLINT—*Manager*

Golden Mile Plaza, 1882 Eglinton Ave. E., Scarborough

R. B. TEMPLETON—*Manager*

11 St. Clair Avenue W., Toronto 7

R. W. MYLES—*Manager*

Cloverdale Mall, Hwy. 27 and Dundas Street W., Islington

R. C. ADAMS—*Manager*

1547 Bayview Avenue, Toronto 17

A. I. RIDDELL—*Manager*

2360 Bloor Street W., Toronto 9

J. S. HOLMES—*Manager*

938 St. Clair Avenue W., Toronto 10

H. KAARLS—*Manager*

350 Eglinton Avenue W., Toronto 12

C. E. BAIN—*Manager*

2072 Danforth Avenue, Toronto 6

K. NICKEL—*Manager*

Eastown Shopping Centre,

2646 Eglinton Ave. E., Scarborough

H. HUTCHINSON—*Manager*

3350 Yonge Street, Toronto 12

R. T. REEVES—*Manager*

2860 Lake Shore Blvd. W., New Toronto

D. T. FORBES—*Manager*

18 Bloor Street W., Toronto 5

J. A. HAND—*Manager*

MONTREAL

*225 St. James Street West, Montreal 1

*(1350 Sherbrooke Street West after April, 1966)

A. P. SMIBERT, C.A.—*Manager*

Branch Offices

1011 St. Catherine Street W., Montreal 2

F. S. MOORES—*Manager*

Rockland Shopping Centre, 2237 Rockland Road,
Town of Mount Royal, Montreal 16

P. P. NICELL—*Manager*

Plaza St. Hubert, 6873 St. Hubert St., Montreal 10

L. LAMARCHE—*Manager*

OSHAWA

32 Simcoe Street, South

D. G. MALCOLM—*Manager*

HAMILTON

11 Main Street East

R. M. YOUNG—*Vice-President and Manager*

Branch Offices

Greater Hamilton Shopping Centre, Barton Street

W. J. NEALE—*Manager*

Fennell Square Shopping Plaza, Gage and Fennell Avenues

M. D. SHERMAN—*Manager*

527 Brant Street, Burlington, Ontario

D. W. TINLIN—*Manager*

999 King Street West, Westdale

J. H. REYNOLDS—*Manager*

WINNIPEG

250 Portage Avenue

T. B. NASH—*Manager*

Branch Office

Polo Park Shopping Centre, 111 Polo Park, 1485 Portage Ave.

A. W. S. DONALD—*Manager*

CALGARY

330-8th Avenue West

J. H. MCKIBBEN—*Manager*

Branch Office

Chinook Shopping Centre, 6423 Macleod Trail

M. N. SENETZA—*Manager*

EDMONTON

10072 Jasper Avenue

R. G. SMITH—*Manager*

Branch Office

Westmount Shoppers' Park, 213 Shoppers' Park, Westmount

A. K. GILMOUR—*Manager*

VANCOUVER

510 Burrard Street

J. S. MCKENDY—*Manager*

Branch Offices

Park Royal Shopping Centre,

955 Park Royal, West Vancouver

T. R. EVERETT—*Manager*

Brentwood Shopping Centre,

528 Brentwood Shopping Centre, Burnaby 2

T. W. PROUDLOCK—*Manager*

999 Denman Street, West End Vancouver

R. P. REYNOLDS—*Manager*

VICTORIA

1280 Douglas Street

G. B. EMPEY—*Manager*

Branch Office

2190 Oak Bay Avenue

corporations and endowment funds, speak eloquently for the skill and experience of our Investment Division. It takes a long time and a great deal of money to build an investment organization capable of dealing with the increasingly complex problem of investment management. Ladies and gentlemen, we have such an organization and the results prove it.

Bond Trusteeships accepted during the year, which are not reflected in the Balance Sheet, were at record levels.

Revenues of the Stock Transfer Division were higher than ever before.

Due to several special and important assignments, our Real Estate Department had a particularly busy and profitable year.

All this is reflected in profits before taxes of \$3,250,155, an increase of \$236,000 over 1964, and in net profits after taxes of \$1,682,483, an increase of \$246,000. Income taxes were slightly less, due to a number of internal adjustments. Per share earnings were 90¢ compared to 77¢ in the previous year. I might point out that net profits after taxes have more than tripled in the past eight years and most of that increase has occurred in the past five years.

The dividend rate was increased for the twelfth consecutive year to 60¢ per annum, which is equivalent to \$30 per annum on the original \$100 par value shares.

The most striking increase on the Assets side of our Balance Sheet was in mortgages, up by \$44,000,000 to \$157,557,084. Funds arising from the sale of Guaranteed Investment Certificates are, of course, almost entirely invested in mortgages. For a long time we have been striving to attain our objective of 60% of Savings Deposits invested in mortgages, which we consider to be the prudent limit. The rapid growth of Savings Deposits, coupled with the traditionally high standards we set ourselves in the selection of mortgage investments, prevented us from hitting this target until very recently. The diminishing supply of available mortgage money from other lending institutions in the last few months has enabled us to not only reach our objective but to be very selective. Our mortgage people deserve particular mention for their efforts in the past year.

Stocks show an increase of \$1,100,000 to \$8,871,748. During the year we sold shares on which large gains were realized. Most of the proceeds were re-

invested in high-grade common stocks. The profits realized enabled us, after retaining substantial investment reserves against stock holdings to guard against shrinkage in market values, to transfer \$2,500,000 of investment reserves to the Reserve Fund in the Balance Sheet. This Reserve Fund was further increased by the transfer of \$500,000 from Undivided Profits, bringing it to \$15,500,000. The Capital Account in our Balance Sheet now stands at over \$20,000,000 which compares with \$7,194,443 five years ago. The result of these transactions is to increase substantially the limit of our power to accept deposits.

Our financial position has never been stronger and this is the result of the close attention paid to investments both by management and by the Board of Directors. The directors of a fiduciary corporation such as National Trust have, in addition to their normal duty of representing the shareholders, the exacting responsibility of protecting the interests of the beneficiaries of estates and trusts and those who have entrusted their money to the Savings Department of the Company. Our Directors, many of whom are themselves substantial holders of National Trust stock or represent large shareholdings, take these responsibilities very seriously. They scrutinize every investment transaction for an estate or trust and for the Company's own account. The over-all position of the Company's investments, listed in detail, is periodically submitted to them. Wherever any limitation is imposed by law on the choice of investments in any particular account, great care is taken to ensure that all investments are made in accordance with the governing statute or trust instrument. The continuous vigilance of an experienced and expert investment staff and the lively interest of the Directors in the selection and supervision of investments doubly ensure the best interests of beneficiaries and depositors.

During the year we opened six new offices, two each in Vancouver and Metropolitan Toronto, one in Hamilton and another in Oshawa. A seventh one opened in the Oak Bay district of Victoria on November the second, bringing the total number to thirty-six.

Virtually the entire cost of the vigorous expansion in new offices over the past few years has been charged against current earnings. As a result of this conservative policy, it is only recently that they have, as a whole, contributed to earnings. From now on their contribution should grow steadily.

ASSETS	1965	1964
Securities:		
Canadian and Provincial Government Bonds - - - - - \$	66,234,655	\$ 66,583,242
Municipal Bonds - - - - -	6,201,697	6,029,988
Other Bonds and Debentures:		
Maturing within one year - - - - -	52,879,427	46,992,007
Other maturities - - - - -	17,668,812	15,318,804
Stocks - - - - -	8,871,748	7,781,523
	<u>\$ 151,856,339</u>	<u>\$ 142,705,564</u>
Cash on deposit and on hand - - - - -	3,175,737	2,855,982
Loans secured by Bonds and Stocks - - - - -	300,214	553,307
Advances to Estates, Trusts and Agencies - - - - -	316,156	201,645
Mortgages, less reserve - - - - -	157,557,084	113,264,033
Office Premises and Equipment, less reserve - - - - -	2,779,502	2,317,175
<i>Note: Canadian and Provincial Government Bonds are carried at amortized cost, other securities at cost less reserves, and the aggregate is less than quoted market values.</i>		
	<u>\$ 315,985,032</u>	<u>\$ 261,897,706</u>
ESTATES, TRUSTS AND AGENCIES		
Securities, Cash and other Assets - - - - -	<u>\$1,113,917,016</u>	<u>\$1,016,935,854</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of National Trust Company, Limited as at October 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The assets held for Guaranteed Account and for Estates, Trusts and Agencies are kept separate from the Company's own assets and are so earmarked on the books of the Company as to show the accounts to which they belong.

In our opinion, the accompanying balance sheet presents fairly the financial position of the Company as at October 31, 1965.
Toronto, November 19, 1965.

CLARKSON, GORDON & Co., Chartered Accountants.

October 31, 1965

LIABILITIES AND CAPITAL

1965

1964

Liabilities:

Guaranteed Account:

Savings Deposits - - - - -	\$ 196,843,317	\$ 171,078,537
Term Deposits - - - - -	55,822,444	43,237,227
Guaranteed Investment Certificates - - - - -	42,416,939	29,710,525
	<u>\$ 295,082,700</u>	<u>\$ 244,026,289</u>
Provision for Government of Canada and Provincial Taxes - - - -	853,166	924,338
	<u>\$ 295,935,866</u>	<u>\$ 244,950,627</u>

Capital:

Capital Stock:

1,862,751 shares of the par value of \$2 each - - - - -	\$ 3,725,502	\$ 3,725,502
Reserve Fund - - - - -	15,500,000	12,500,000
Undivided Profits - - - - -	823,664	721,577
	<u>\$ 20,049,166</u>	<u>\$ 16,947,079</u>
	<u>\$ 315,985,032</u>	<u>\$ 261,897,706</u>

ESTATES, TRUSTS AND AGENCIES

Estates, Trusts and Agencies under Administration - - - - -	<u>\$1,113,917,016</u>	<u>\$1,016,935,854</u>
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Attested: { J. G. HUNGERFORD, *Chairman*.
HARRY H. WILSON, *President*.

Statement of Undivided Profits

For the Year Ended October 31, 1965

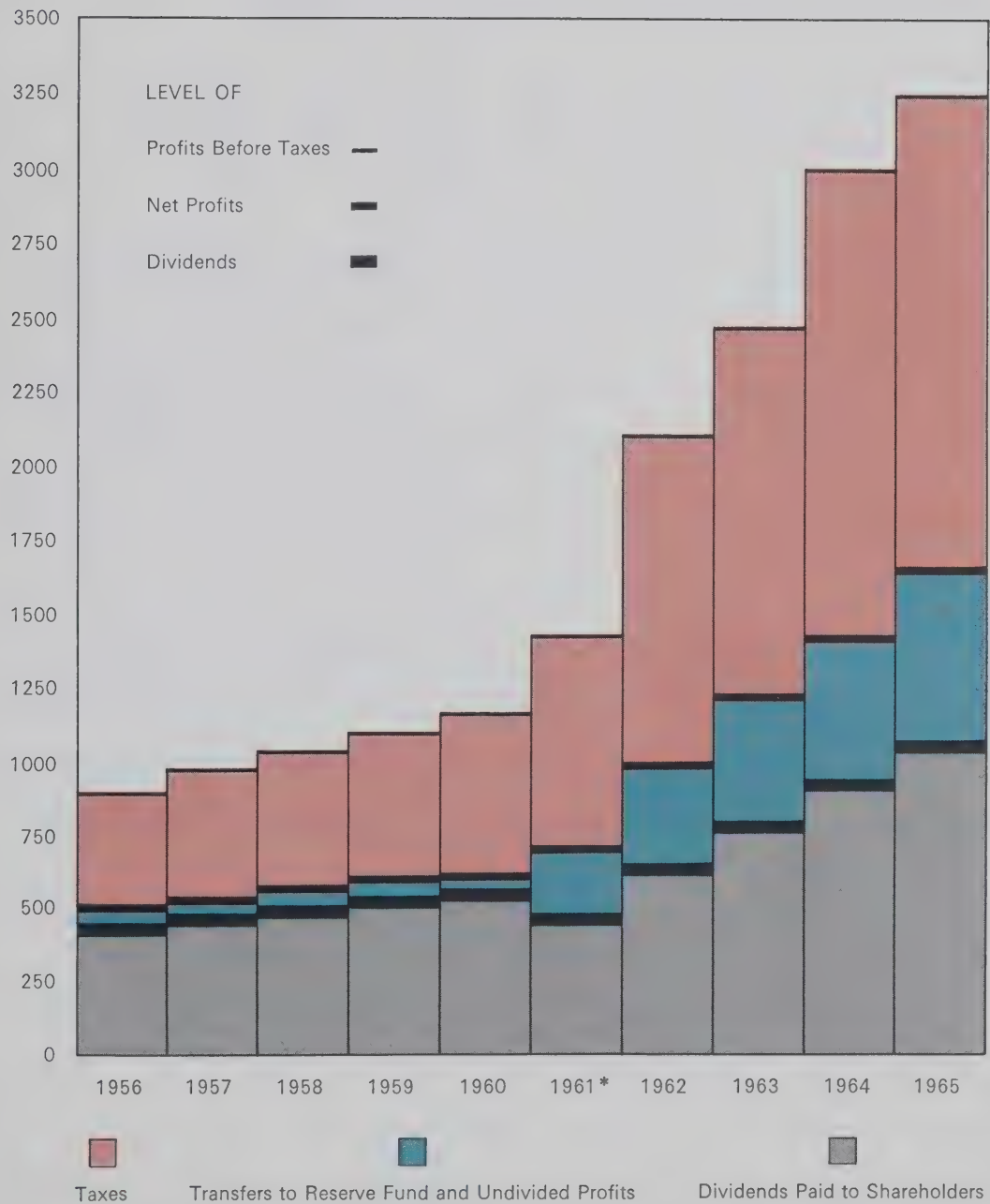
	1965	1964
Profits before taxes but after deducting cost of management, current contribution to the employees' pension plan, etc., and after deducting amounts appropriated to reserves for investment valuation and contingencies and the income tax provision related thereto - - - - -	\$ 3,250,155	\$ 3,013,932
Provision for Government of Canada and Provincial taxes on the profits shown above - - - - -	1,567,672	1,577,751
Net profits - - - - -	\$ 1,682,483	\$ 1,436,181
Balance brought forward from the previous year - - - - -	721,577	638,565
	\$ 2,404,060	\$ 2,074,746
Add:		
Amount released from investment reserves - - - - -	2,500,000	—
	\$ 4,904,060	\$ 2,074,746
Deduct:		
Four quarterly dividends aggregating 58 cents a share (54 cents a share in 1964) - - - - -	\$ 1,080,396	\$ 959,914
Transfer to Reserve Fund - - - - -	3,000,000	393,255
	\$ 4,080,396	\$ 1,353,169
Balance of Undivided Profits carried forward - - - - -	\$ 823,664	\$ 721,577

Statement of Reserve Fund

For the Year Ended October 31, 1965

	1965	1964
Balance brought forward from the previous year - - - - -	\$12,500,000	\$10,000,000
Add:		
Proceeds in excess of par value of Capital Stock issued during the year - -	—	2,106,745
Transfer from Undivided Profits - - - - -	3,000,000	393,255
Balance carried forward - - - - -	\$15,500,000	\$12,500,000

Growth in Profits (thousands of dollars)



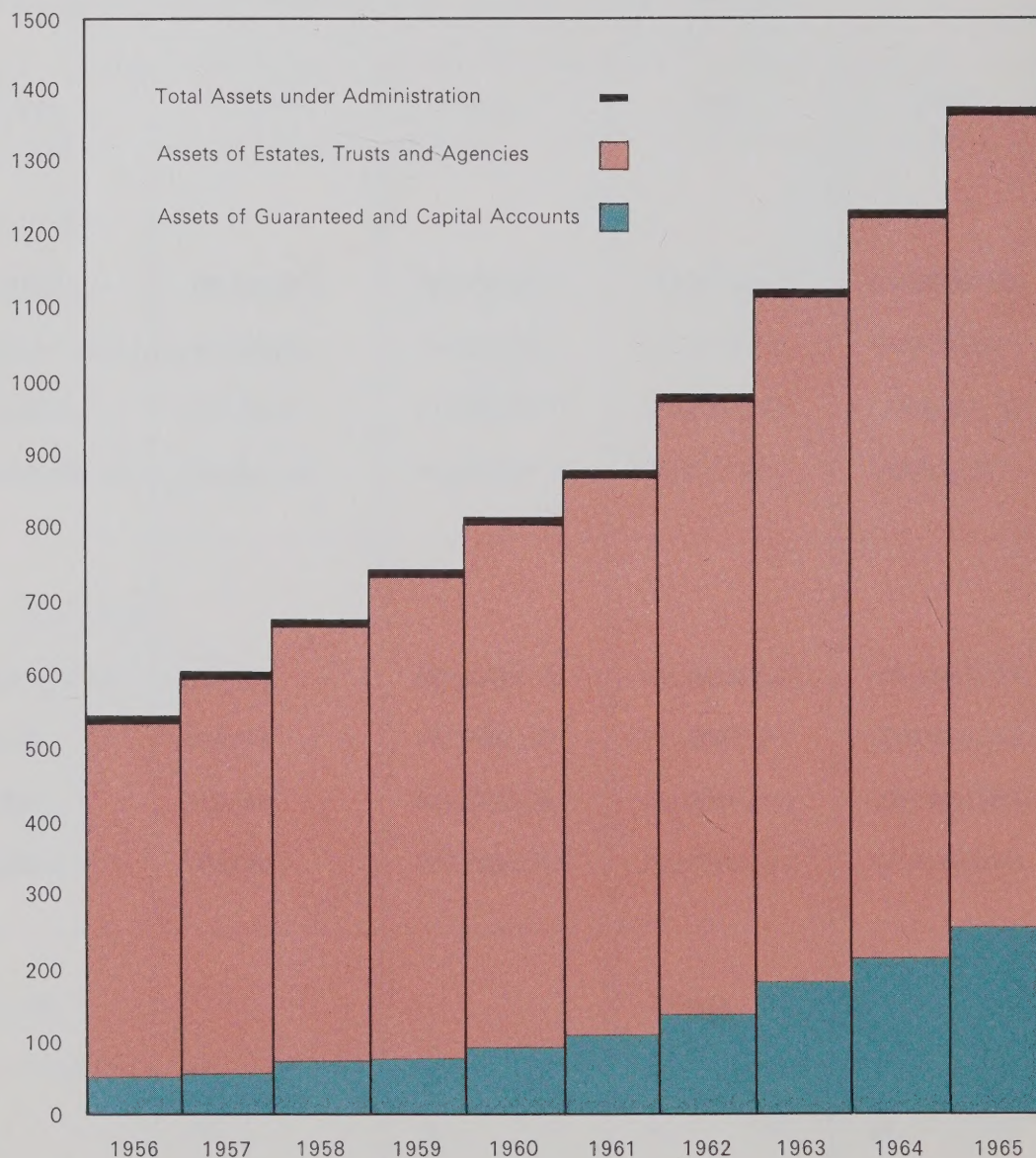
* Ten month accounting year. Company fiscal year end changed from December 31st to October 31st.

Comparative Summary: Last Ten Years

	1965	1964	1963	1962
END OF YEAR				
Savings Deposits - - - - -	\$196,843,317	171,078,537	142,268,756	108,911,206
Guaranteed Investment Certificates -	42,416,939	29,710,525	26,931,471	19,786,701
Capital Funds - - - - -	20,049,166	16,947,079	14,003,601	11,476,018
Estates, Trusts and Agencies - - -	1,113,917,016	1,016,935,854	945,916,031	846,688,142
TOTAL FOR YEAR				
Profits before taxes - - - - -	\$ 3,250,155	3,013,932	2,493,750	2,112,648
Taxes - - - - -	1,567,672	1,577,751	1,264,754	1,108,886
Net profits - - - - -	1,682,483	1,436,181	1,228,996	1,003,762
Dividends paid - - - - -	1,080,396	959,914	802,669	666,663
PER SHARE				
Profits before taxes - - - - -	\$1.74	1.62	1.48	1.39
Taxes - - - - -	.84	.85	.75	.73
Net profits - - - - -	.90	.77	.73	.66
Dividends paid - - - - -	.58	.54	.50	.44

1961	1960	1959	1958	1957	1956
(10 months)					
84,660,112	72,427,662	66,560,687	68,964,746	49,363,201	46,860,727
16,465,316	14,684,780	8,243,124	5,114,442	3,014,600	—
10,532,149	7,194,443	7,095,428	7,033,313	6,968,099	6,907,477
772,406,866	717,457,004	664,092,078	593,694,806	542,468,361	491,809,666
1,438,531	1,181,407	1,104,226	1,031,398	987,622	907,117
715,249	539,000	502,111	456,184	447,000	397,000
723,282	642,407	602,115	575,214	540,622	510,117
483,866	570,762	540,000	510,000	480,000	450,000
.95	.79	.74	.68	.66	.60
.47	.36	.34	.30	.30	.26
.48	.43	.40	.38	.36	.34
.32	.38	.36	.34	.32	.30

Growth in Assets (millions of dollars)



NOTE:

Short term deposits and amounts set aside for Government of Canada and Provincial taxes are not included in the asset growth shown above.

Company Services

FOR INDIVIDUALS

Savings Accounts	Trustee under Agreement
Guaranteed Investment Certificates	Administrator
Natrusco Common Share Fund	Guardian of Infants' Property
Retirement Savings Plans	Committee of Property for Incompetent and Incapable Persons
Canada Savings Bonds	_____
Travellers Cheques	Investment Management
Safety Deposit Boxes	Agent by Agreement
_____	Custodian of all types of Assets
_____	_____
Estate Planning	Real Estate Sales and Purchases, Valuation and Management
Executor	Mortgage Loans
Trustee under Will	

FOR CORPORATIONS

Term Deposits	Transfer Agent and Registrar for Shares of Companies
_____	Secretarial and Scrutineer Services for Corporate Proceedings
Trustee for Pension, Profit Sharing and other Employee Benefit Plans	_____
_____	Interest and Dividend Disbursing Agent
Trustee for Bond and Debenture Issues	_____
Receiver and Manager of Corporate Property	Real Estate Sales and Purchases, Valuation and Management
Trustee under Voting Trust, Depositary, Escrow, Share Purchase and like Agreements	_____
	Mortgage Loans

	Safety Deposit Boxes
